

ANNUAL REPORT

Of

Company Name: Mescal Lakes Water Systems Inc.
PO Box 85160

Mailing Address: Tucson AZ
85754

Docket No.: W-02472A
For the Year Ended: 12/31/19

**RECEIVED
BY EMAIL**
4/30/2020, 12:52 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

WATER UTILITY

To

Arizona Corporation Commission

Due on April 15th

Email: rdelafuente@azcc.gov, mail or deliver the completed Annual Report to:

Arizona Corporation Commission
Compliance Section - Utilities Division
1200 West Washington Street
Phoenix, Arizona 85007

Application Type: Original Filing

Application Date: 5/11/2020

ARIZONA CORPORATION COMMISSION
WATER UTILITY ANNUAL REPORT
Mescal Lakes Water Systems Inc.
A Class Utility

For the Calendar Year Ended:

Primary Address:
City: State: Zip Code:

Telephone Number:

Date of Original Organization of Utility:

Person to whom correspondence should be addressed concerning this report:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Name:
Telephone No. :
Address:
City: State: Zip Code:
Email:

Ownership:

Counties Served:

Important changes during the year
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No	For those companies not subject to the affiliated interest rules, has there been a change in ownership or direct control during the year?
	If yes, please provide specific details in the box below.
	N/A

No	Has the company been notified by any other regulatory authorities during the year, that they are out of compliance?
	If yes, please provide specific details in the box below.
	N/A

Utility Plant in Service (Water)							
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Accumulated Depreciation	OCLD (OC less AD)
301	Organization	\$104	\$0	\$0	\$104	\$0	\$104
302	Franchises	250	0	0	250	0	250
303	Land and Land Rights	9,063	0	0	9,063	0	9,063
304	Structures and Improvements	35,143	0	0	35,143	25,934	9,209
305	Collecting & Improving Reservoirs	0	0	0	0	0	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0
307	Wells and Springs	84,465	0	0	84,465	65,144	19,321
308	Infiltration Galleries	0	0	0	0	0	0
309	Supply Mains	0	0	0	0	0	0
310	Power Generation Equipment	0	0	0	0	0	0
311	Pumping Equipment	157,837	572	0	158,409	97,114	61,295
320	Water Treatment Equipment	0	0	0	0	0	0
320.1	Water Treatment Plants	0	0	0	0	0	0
320.2	Solution Chemical Feeders	3,571	493	0	4,064	1,335	2,729
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0
330	Distribution Reservoirs and Standpipes	63,553	0	0	63,553	63,553	0
330.1	Storage Tanks	71,787	0	0	71,787	47,917	23,870
330.2	Pressure Tanks	1,852	0	0	1,852	324	1,528
331	Transmission and Distribution Mains	572,209	4,450	0	576,659	524,428	52,231
333	Services	118,796	1,757	0	120,553	99,425	21,128
334	Meters and Meter Installations	70,542	125	0	70,667	51,507	19,160
335	Hydrants	0	0	0	0	0	0
336	Backflow Prevention Devices	854	0	0	854	277	577
339	Other Plant and Misc. Equipment	0	0	0	0	0	0
340	Office Furniture and Equipment	0	0	0	0	0	0
340.1	Computer & Software	0	0	0	0	0	0
341	Transportation Equipment	0	0	0	0	0	0
342	Stores Equipment	0	0	0	0	0	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0
344	Laboratory Equipment	0	0	0	0	0	0
345	Power Operated Equipment	0	0	0	0	0	0
346	Communication Equipment	0	0	0	0	0	0
347	Miscellaneous Equipment	0	0	0	0	0	0
348	Other Tangible Plant	0	0	0	0	0	0
	Totals	\$1,190,026	\$7,397	\$0	\$1,197,423	\$976,958	\$220,465

Mescal Lakes Water Systems Inc.
Annual Report
Depreciation Expense for the Current Year (Water)
12/31/19

Depreciation Expense for the Current Year (Water)									
Account No.	Description	Beginning Year Original Cost	Current Year Additions	Current Year Retirements	Adjusted Original Cost	Fully Depreciated/Non-depreciable Plant	Depreciable Plant	Depreciation Percentages	Depreciation Expense
301	Organization	\$104	\$0	\$0	\$104	\$0	\$104	0.00%	\$0
302	Franchises	250	0	0	250	0	250	0.00%	0
303	Land and Land Rights	9,063	0	0	9,063	0	9,063	0.00%	0
304	Structures and Improvements	35,143	0	0	35,143	7,304	27,839	5.00%	1,392
305	Collecting & Improving Reservoirs	0	0	0	0	0	0	0.00%	0
306	Lake, River, Canal Intakes	0	0	0	0	0	0	0.00%	0
307	Wells and Springs	84,465	0	0	84,465	30,319	54,146	5.00%	2,707
308	Infiltration Galleries	0	0	0	0	0	0	0.00%	0
309	Supply Mains	0	0	0	0	0	0	0.00%	0
310	Power Generation Equipment	0	0	0	0	0	0	0.00%	0
311	Pumping Equipment	157,837	572	0	158,409	46,775	111,634	5.00%	5,567
320	Water Treatment Equipment	0	0	0	0	0	0	0.00%	0
320.1	Water Treatment Plants	0	0	0	0	0	0	0.00%	0
320.2	Solution Chemical Feeders	3,571	493	0	4,064	0	4,064	5.00%	191
320.3	Point-of-Use Treatment Devices	0	0	0	0	0	0	0.00%	0
330	Distribution Reservoirs and Standpipes	63,553	0	0	63,553	63,553	0	5.00%	0
330.1	Storage Tanks	71,787	0	0	71,787	0	71,787	5.00%	3,589
330.2	Pressure Tanks	1,852	0	0	1,852	0	1,852	5.00%	93
331	Transmission and Distribution Mains	572,209	4,450	0	576,659	284,681	291,978	5.00%	14,488
333	Services	118,796	1,757	0	120,553	55,733	64,820	5.00%	3,197
334	Meters and Meter Installations	70,542	125	0	70,667	33,899	36,768	5.00%	1,835
335	Hydrants	0	0	0	0	0	0	0.00%	0
336	Backflow Prevention Devices	854	0	0	854	0	854	5.00%	43
339	Other Plant and Misc. Equipment	0	0	0	0	0	0	0.00%	0
340	Office Furniture and Equipment	0	0	0	0	0	0	0.00%	0
340.1	Computer & Software	0	0	0	0	0	0	0.00%	0
341	Transportation Equipment	0	0	0	0	0	0	0.00%	0
342	Stores Equipment	0	0	0	0	0	0	0.00%	0
343	Tools, Shop and Garage Equipment	0	0	0	0	0	0	0.00%	0
344	Laboratory Equipment	0	0	0	0	0	0	0.00%	0
345	Power Operated Equipment	0	0	0	0	0	0	0.00%	0
346	Communication Equipment	0	0	0	0	0	0	0.00%	0
347	Miscellaneous Equipment	0	0	0	0	0	0	0.00%	0
348	Other Tangible Plant	0	0	0	0	0	0	0.00%	0
	Subtotal	\$1,190,026	\$7,397	\$0	\$1,197,423	\$522,264	\$675,159		\$33,102

Contribution(s) in Aid of Construction (Gross)	\$474,262
Less: Non Amortizable Contribution(s)	0
Fully Amortized Contribution(s)	136,347
Amortizable Contribution(s)	\$337,915
Times: Proposed Amortization Rate	5.00%
Amortization of CIAC	\$16,896

Less: Amortization of CIAC \$16,896

DEPRECIATION EXPENSE \$16,206

Mescal Lakes Water Systems Inc.
Annual Report
Balance Sheet Assets
12/31/19

Balance Sheet Assets				
	Assets		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	Current and Accrued Assets			
131	Cash		\$42,579	\$31,540
134	Working Funds		0	0
135	Temporary Cash Investments		0	0
141	Customer Accounts Receivable		5,282	7,467
146	Notes Receivable from Associated Companies		0	0
151	Plant Material and Supplies		0	0
162	Prepayments		0	0
174	Miscellaneous Current and Accrued Assets		0	33,141
	Total Current and Accrued Assets		\$47,861	\$72,148
Account No.	Fixed Assets			
101	Utility Plant in Service*		\$1,190,026	\$1,197,423
103	Property Held for Future Use		0	0
105	Construction Work in Progress		0	1,451
108	Accumulated Depreciation (enter as negative)*		(943,855)	(976,958)
121	Non-Utility Property		0	0
122	Accumulated Depreciation - Non Utility		0	0
	Total Fixed Assets		\$246,171	\$221,916
	Total Assets		\$294,032	\$294,064

*Note these items feed automatically from AR3 UPIS Page 4

Mescal Lakes Water Systems Inc.
Annual Report
Balance Sheet Liabilities and Owners Equity

Balance Sheet Liabilities and Owners Equity				
	Liabilities		Balance at Beginning of Year (2019)	Balance at End of Year (2019)
Account No.	Current Liabilities			
231	Accounts Payable		\$12,850	\$382
232	Notes Payable (Current Portion)		0	0
234	Notes Payable to Associated Companies		0	0
235	Customer Deposits		25,796	24,530
236	Accrued Taxes		1,005	23,132
237	Accrued Interest		0	0
242	Miscellaneous Current and Accrued Liabilities		0	1,426
	Total Current Liabilities		\$39,651	\$49,470
	Long Term Debt			
224	Long Term Debt (Notes and Bonds)		\$0	\$0
	Deferred Credits			
251	Unamortized Premium on Debt		\$0	\$0
252	Advances in Aid of Construction		26,794	29,976
255	Accumulated Deferred Investment Tax Credits		0	0
271	Contributions in Aid of Construction		474,262	474,262
272	Less: Amortization of Contributions		(208,782)	(225,678)
281	Accumulated Deferred Income Tax		(68,092)	0
	Total Deferred Credits		\$224,182	\$278,560
	Total Liabilites		\$263,833	\$328,030
	Capital Accounts			
201	Common Stock Issued		\$100	\$100
211	Other Paid-In Capital		159,638	159,638
215	Retained Earnings		(129,539)	(193,703)
218	Proprietary Capital (Sole Props and Partnerships)		0	0
	Total Capital		\$30,199	(\$33,965)
	Total Liabilities and Capital		\$294,032	\$294,065

Note: Total liabilities and Capital must match total assets for the beginning and end of the year!

Mescal Lakes Water Systems Inc.
Annual Report
Water Comparative Income Statement
12/31/19

Water Comparative Income Statement			
Account No.	Calendar Year	Current Year 01/01/2019 - 12/31/2019	Last Year 01/01/2018 - 12/31/2018
	Operating Revenue		
461	Metered Water Revenue	\$200,432	\$203,506
460	Unmetered Water Revenue	0	0
462	Fire Protection Revenue	0	0
469	Guaranteed Revenues (Surcharges)	0	0
471	Miscellaneous Service Revenues	4,156	3,914
474	Other Water Revenue	0	0
	Total Revenues	\$204,588	\$207,420
	Operating Expenses		
601	Salaries and Wages	\$0	\$0
604	Employee Pensions and Benefits	0	0
610	Purchased Water	0	0
615	Purchased Power	17,088	17,674
618	Chemicals	1,038	762
620	Materials and Supplies	0	0
620.1	Repairs and Maintenance	1,649	6,346
620.2	Office Supplies and Expense	2,777	3,426
630	Contractual Services	0	0
631	Contractual Services - Engineering	0	0
632	Contractual Services - Accounting	9,488	5,257
633	Contractual Services - Legal	12	0
634	Contractual Services - Management Fees	131,582	129,478
635	Contractual Services - Water Testing	2,969	2,103
636	Contractual Services - Other	0	260
640	Rents	0	660
641	Rental of Building/Real Property	0	0
642	Rental of Equipment	0	0
650	Transportation Expenses	5,203	3,879
657	Insurance - General Liability	1,027	2,475
657.1	Insurance - Health and Life	0	0
665	Regulatory Commission Expense - Rate	0	0
670	Bad Debt Expense	0	1,340
675	Miscellaneous Expense	2,011	866
403	Depreciation Expense (From Schedule AR4)	16,206	13,992
408	Taxes Other Than Income	0	0
408.11	Property Taxes	11,622	11,248
409	Income Taxes	14,680	(3,091)
427.1	Customer Security Deposit Interest	625	607
	Total Operating Expenses	\$217,977	\$197,282
	Operating Income / (Loss)	(\$13,389)	\$10,138
	Other Income / (Expense)		
419	Interest and Dividend Income	\$0	\$410
421	Non-Utility Income	584	64,916
426	Miscellaneous Non-Utility (Expense)	0	0
427	Interest (Expense)	0	0
	Total Other Income / (Expense)	\$584	\$65,326
	Net Income / (Loss)	(\$12,805)	\$75,464

Mescal Lakes Water Systems Inc.
 Annual Report
 Full time equivalent employees
 12/31/19

Full time equivalent employees

	Direct Company	Allocated	Outside service	Total
President				0.0
Vice-president				0.0
Manager			unable to	0.0
Engineering Staff			determine	0.0
System Operator(s)			without	0.0
Meter reader			significant	0.0
Customer Service			analysis	0.0
Accounting				0.0
Business Office				0.0
Rates Department				0.0
Administrative Staff				0.0
Other				0.0
Total	0.0	0.0	0.0	0.0

Supplemental Financial Data (Long-Term Debt)				
	Loan #1	Loan #2	Loan #3	Loan #4
Date Issued	No Loans			
Source of Loan				
ACC Decision No.				
Reason for Loan				
Dollar Amt. Issued				
Amount Outstanding				
Date of Maturity				
Interest Rate				
Current Year Interest				
Current Year Principal				

Meter Deposit Balance at Test Year End:	\$8,281
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Meter Deposits Refunded During the Test Year:	\$705
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List all bonds, notes, loans, and other types of indebtedness in which the proceeds were used in the provision of public utility service. Indebtedness incurred for personal uses by the owner of the utility should not be listed. Input 0 or none if there is nothing to report for that cell.

Well and Water Usage

Name of the System: MESCAL LAKES WATER SYSTEM											
ADEQ Public Water System Number:				AZ0402052							
ADWR PCC Number:				91-000062.0000							
Well registry 55# (55-XXXXXX):	Pump Horsepower	Pump Yield (gpm)	Casing Depth (feet)	Casing Diameter (inches)	Pump Motor Type **	Year Drilled	Water level 2010	Water level 2019	Meter Size (inches)	How measured:	Active
55-800432	10	100	480	8	Submersible	1975	277	285	2	Metered	Yes
55-561268	20	140	400	8	Submersible	1997	277	257	2	Metered	Yes
55-208498	20	150	493	12	Submersible	2005	277	286	2	Metered	Yes

Name of system water delivered to:		
ADWR PCC Number:		NA
Source of water delivered to another system		
Name of system water received from:		
ADWR PCC Number:		NA
Source of water received		
Well registry 55# (55-XXXXXX):		

Month	Water withdrawn (gallons) ¹	Water sold (gallons) ²	Water delivered (sold) to other systems (gallons) ³	Water received (purchased) from other systems (gallons) ⁴	Estimated authorized use (gallons) ⁵	Purchased Power Expense ⁶	Purchased Power (kWh) ⁷
January	2,471,700.00	1,863,927.00	0.00	0.00	0.00	\$1,193	6,300
February	2,199,800.00	1,980,094.00	0.00	0.00	0.00	1,088	5,465
March	1,823,800.00	1,617,407.00	0.00	0.00	0.00	988	5,300
April	2,571,550.00	2,310,890.00	0.00	0.00	0.00	1,180	5,727
May	3,085,350.00	2,838,330.00	0.00	0.00	0.00	1,367	7,433
June	3,118,300.00	2,703,930.00	0.00	0.00	0.00	1,558	7,781
July	3,870,900.00	2,992,080.00	0.00	0.00	0.00	1,857	10,201
August	3,309,300.00	2,626,030.00	0.00	0.00	0.00	1,918	10,801
September	3,899,400.00	3,067,710.00	0.00	0.00	0.00	1,878	10,440
October	2,774,200.00	2,264,260.00	0.00	0.00	0.00	1,624	8,147
November	2,463,000.00	1,948,438.00	0.00	0.00	0.00	1,321	7,620
December	2,155,100.00	1,828,220.00	0.00	0.00	0.00	1,116	6,672
Totals	33,742,400.00	28,041,316.00	0.00	0.00	0.00	\$17,088	91,887

If applicable, in the space below please provide a description for all un-metered water use along with amounts:

¹ Water withdrawn - Total gallons of water withdrawn from pumped sources.
² Water sold - Total gallons from customer meters, and other sales such as construction water.
³ Water delivered (sold) to other systems - Total gallons of water delivered to other systems.
⁴ Water received (purchased) from other systems - Total gallons of water purchased/received from other systems.
⁵ Estimated authorized use - Total estimated gallons from authorized metered or un-metered use. Authorized uses such as flushing (mains, services and hydrants) draining/cleaning tanks, process, construction, fire fighting, etc. Non-authorized use (real losses) are service line breaks and leaks, water main breaks, meter inaccuracies and theft.
⁶ Enter the total purchased power costs for the power meters associated with this system.
⁷ Enter the total purchased kWh used by the power meters associated with this system.

Water Utility Plant Description	
Name of the System:	MESCAL LAKES WATER SYSTEM
ADEQ Public Water System Number:	AZ0402052
ADWR PCC Number:	91-000062.0000

MAINS		
Sizes (inches)	Material	Length (feet)
3.00	PVC	1,870
4.00	PVC	19,575
6.00	PVC	45,076

CUSTOMER METERS			
Size (inches)	Quantity	Percent over 1,00,000 gallons	Percent over 10 years old
5/8 X 3/4	551	27%	59%
0.75	3	27%	59%
1	7	27%	59%
Compound 2	4	27%	59%

SERVICE LINES		
Material	Percent of system	Year installed
Black poly	30%	1997
Copper	70%	1997

BOOSTER PUMPS		
Horsepower	GPM	Quantity
7.5	75	2
15	150	2

FIRE HYDRANTS	
Type	Quantity
Standard *	0
Other	0

STORAGE TANKS			
Capacity (gallons)	Material	Quantity	Year installed
20,000	Steel	1	Unknown
50,000	Steel	1	2005

PRESSURE/BLADDER TANKS			
Capacity (gallons)	Material	Quantity	Year installed
3,000	Steel	1	1997
5,000	Steel	1	Unknown

* A standard fire hydrant has two 2.5 inch hose connection nozzles with 7.5 threads per inch, and one 4.5 inch pumper connection nozzle with 4 threads per inch.

Water Utility Plant Description (Continued)
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For the following three items, list the utility owned assets in each category for each system.

TREATMENT EQUIPMENT:	Two chlorinators
STRUCTURES:	770 feet of 6 foot chain link fence, 24 x 36 foot building, two 4 x 8 chlorine sheds
OTHER:	N/A

Provide a calculation used to determine the value of one water equivalent residential connection (ERC).

Use one of the following methods:

- (a) If actual flow data are available from the preceding 12 months, divide the total annual single family residence (SFR) gallons sold by the average number of single family residence customers for the same period and divide the result by 365
- (b) If no historical flow data are available, use:
 $ERC = (\text{Total SFR gallons sold (Omit 000)} / 365 \text{ days} / 350 \text{ gallons per day})$

ERC	150
Method used:	(a)

Customer and Other Information	
Name of the System:	MESCAL LAKES WATER SYSTEM
ADEQ Public Water System Number:	AZ0402052
ADWR PCC Number:	91-000062.0000

Month	Number of Customers				Other Non-Residential
	Single-Family	Multi-Family	Commercial	Turf/Irrigation	
January	494	0	9	0	0
February	496	0	9	0	0
March	497	0	9	0	0
April	497	0	9	0	0
May	497	0	9	0	0
June	497	0	9	0	0
July	502	0	9	0	0
August	503	0	9	0	0
September	503	0	9	0	0
October	501	0	9	0	0
November	501	0	9	0	0
December	501	0	9	0	0

If the system has fire hydrants, what is the fire flow requirements? GPM for hrs.

Does the system have chlorination treatment?

Does the Company have an ADWR Gallons Per Capita Per Day (GPCPD) requirement?
 If yes, provide the GPCPD amount:

Is the Water Utility located in an ADWR Active Management Area (AMA)?
 If yes, which AMA?

What is the present system connection capacity (in ERCs *) using existing lines?

What is the future system connection capacity (in ERCs *) upon service area buildout?

Describe any plans and estimated completion dates for any enlargements or improvements of this system.

* an ERC is based on the calculation on the bottom of AR9 page 12.

Mescal Lakes Water Systems Inc.
 Annual Report
 Utility Shutoffs / Disconnects
 12/31/19

Utility Shutoffs / Disconnects	
Name of the System:	MESCAL LAKES WATER SYSTEM
ADEQ Public Water System Number:	AZ0402052
ADWR PCC Number:	91-000062.0000

Month	Termination without Notice R14-2-410.B	Termination with Notice R14-2-410.C	Other
January	0	6	0
February	0	5	0
March	0	3	0
April	0	5	0
May	0	6	0
June	0	6	0
July	0	4	0
August	0	11	0
September	0	3	0
October	0	11	0
November	0	0	0
December	0	1	0
Total	0	61	0

Other (description):

NA

Instructions: Fill out the Grey Cells with the relevent information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Property Taxes	
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Amount of actual property taxes paid during Calendar Year 2019 was	\$11,435
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If no property taxes paid, explain why.

N/A

Instructions: Fill out the Grey Cells with the relevant information. Input 0 or none if there is nothing recorded in that account or there is no applicable information to report.

Verification and Sworn Statement (Taxes)

Verification: State of Arizona, the undersigned of the
(state name)

County of (county name): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Mescal Lakes Water Systems Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/19

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: **I HEREBY ATTEST THAT ALL PROPERTY TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.**

I HEREBY ATTEST THAT ALL SALES TAXES FOR SAID COMPANY ARE CURRENT AND PAID IN FULL.

**RECEIVED
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4/30/2020, 12:52 PM

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

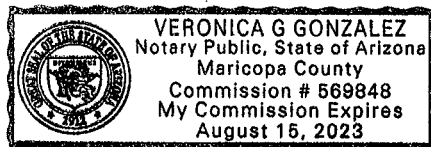
Bry T
signature of owner/official

623-935-1100
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS 30th DAY OF Maricopa
April 2020
(month) and (year)

MY COMMISSION EXPIRES 8/15/23
(date)



Veronica G Gonzalez
(signature of notary public)

Verification and Sworn Statement

Verification:

State of Arizona I, the undersigned of the
(state name)
County of (county name): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Mescal Lakes Water Systems Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/19

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS DURING THE CALENDAR YEAR WAS:

Arizona Intrastate Gross Operating Revenues Only (\$)

\$217,173

(The amount in the box above includes

\$12,584 in sales taxes billed or collected)

**RECEIVED
BY EMAIL**

4/30/2020, 12:52 PM

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

B. Thomas
signature of owner/official

623-935-1100
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

THIS 30th DAY OF March 2020
(month) and (year)

MY COMMISSION EXPIRES 8/15/23
(date)



Veronica G. Gonzalez
(signature of notary public)

Verification and Sworn Statement (Residential Revenue)

Verification:

State of Arizona I, the undersigned of the
(state name)

County of (county name): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Mescal Lakes Water Systems Inc.

DO SAY THAT THIS ANNUAL UTILITY PROPERTY TAX AND SALES TAX REPORT TO THE ARIZONA CORPORATION COMMISSION.

FOR THE YEAR ENDING: 12/31/19

HAS BEEN PREPARED UNDER MY DIRECTION, FROM THE ORIGINAL BOOKS, PAPERS AND RECORDS OF SAID UTILITY; THAT I HAVE CAREFULLY EXAMINED THE SAME, AND DECLARE THE SAME TO BE A COMPLETE AND CORRECT STATEMENT OF BUSINESS AND AFFAIRS OF SAID UTILITY FOR THE PERIOD COVERED BY THIS REPORT IN RESPECT TO EACH AND EVERY MATTER AND THING SET FORTH, TO THE BEST OF MY KNOWLEDGE, INFORMATION AND BELIEF.

Sworn Statement: **IN ACCORDANCE WITH THE REQUIREMENTS OF TITLE 40, ARTICLE 8, SECTION 40-401, ARIZONA REVISED STATUTES, IT IS HEREIN REPORTED THAT THE GROSS OPERATING REVENUE OF SAID UTILITY DERIVED FROM ARIZONA INTRASTATE UTILITY OPERATIONS RECEIVED FROM RESIDENTIAL CUSTOMERS DURING THE CALENDAR YEAR WAS:**

Arizona Intrastate Gross Operating Revenues Only (\$) \$212,770
(The amount in the box above includes \$12,329 in sales taxes billed or collected)

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4/30/2020, 12:52 PM
ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION**

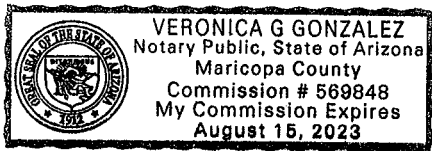
B. J. Thomas
signature of owner/official

623-935-1100
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY Maricopa
(county name)

THIS 30th DAY OF April 2020
(month) and (year)

MY COMMISSION EXPIRES 8/15/23
(date)



Veronica G. Gonzalez
(signature of notary public)

Mescal Lakes Water Systems Inc.
Annual Report
Gross-up Sharing Method for Income Tax Statement of Certification
12/31/19

Gross-up Sharing Method for Income Tax Statement of Certification

Verification:

State of Arizona I, the undersigned of the
(state name)

County of (county name): Maricopa
Name (owner or official) title: Bryan Thomas, CFO
Company name: Mescal Lakes Water Systems Inc.

FOR THE YEAR ENDING: 12/31/19

Sworn Statement:

IN ACCORDANCE WITH THE REQUIREMENTS OF DECISION NO. 77084, BECAUSE THE UTILITY REQUIRES THE GROSS UP OF ADVANCES AND CONTRIBUTIONS, I HEREBY STATE THAT THE UTILITY HAS INCURRED OR IS EXPECTED TO INCUR A NET INCREASE IN CURRENT INCOME TAX EXPENSE OR A DECREASE IN DEFERRED TAX ASSET FOR A CARRY FORWARD ACCORDING TO GAAP IN AN AMOUNT EQUAL TO OR GREATER THAN THE AMOUNT OF THE REQUIRED GROSS UP PAID BY DEVELOPERS IN THE PERIOD COVERED BY THIS ANNUAL REPORT.

**RECEIVED
BY EMAIL**

4/30/2020, 12:52 PM

ARIZONA CORPORATION COMMISSION
UTILITIES DIVISION

Bry T
signature of owner/official

623-935-1100
telephone no.

SUBSCRIBED AND SWORN TO BEFORE ME A NOTARY PUBLIC
IN AND FOR THE COUNTY

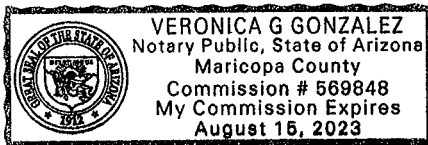
Maricopa
(county name)

THIS 30th

DAY OF April 2020
(month) and (year)

MY COMMISSION EXPIRES

8/15/23
(date)



Veronica G. Gonzalez
(signature of notary public)